(b) if so, the reasons therefor; and

(c) how much time it will take to start this facility?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) to (c) Internet facility is available on the mobile phones provided by BSNL and MTNL. Technological upgradation to provide higher data rate services is a continuous process in the telecommunication network taken up by various service providers based on the potential demand.

Doubling of India's Share in IT and Software Market

*218. SHRI K. RAMA MOHANA RAO: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether India can double its present market share and capture at least 6-7 per cent of the global market share in IT and software by the year 2008-09;

(b) whether it is a fact that ASSOCHAM has carried out a study in this connection;

(c) if so, the details thereof; and

(d) whether Government have any plan for the year 2020 since India will have the largest number of people in the working age group in the world by that time?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) Yes, Sir.

(b) and (c) The Associated Chamber of Commerce and Industry of India (ASSOCHAM) has recently conducted a study on the Indian Electronics Industry. The following are some of the highlights of the study:

— The multilevel economic growth of the Indian economy in the next ten years 2005-15 is estimated to create a demand for a huge increase in electronics production from the current level of US $ 11.2 billion to US $ 159 billion.

— The contribution of electronics and IT sector is estimated to be about 12% of the GDP by the year 2015.

— It is estimated that the employee base could reach 7 million by 2015.

— The demand would require 70,000 enterprises with an average Investment of Rs. 3.0 crore each.

(d) Technology, market forces and opportunities, in a fast changing area like IT and Software, render it difficult to make a realistic forecast for a 15 years time-frame *i.e.* upto 2020. However, in view of the opportunities for India in this sector, Government has taken a number of steps to promote Electronics and IT Sector as well as the manpower in that area. The steps taken by the Government in this regard are given in the enclosed Statement.

Statement

Steps taken by the Government to promote the Information Technology Sector

1. Approvals for all foreign direct investment proposals relating to the Information Technology Sector, with the exception of Business-to-Consumer (B2C) e-commerce are under the authomatic route.

2. Peak rate of customs duty has been reduced to 12.5% customs duty on ITA-1 items (217 items) has been abolished from 1.3.2005. All goods required in the manufacture of ITA-1 items have been exempted from customs duty subject to actual user condition. Information Technology (IT) Software is exempted from customs duty. Customs duty on specified raw materials/inputs used for manufacture of electronic components or optical fibres/cables is 0%. Customs duty on specified capital goods used for manufacture of electronic goods is 0%. Customs duty on MP3 players and MPEG4 players has been reduced to 5%.

3. Excise duty on computer is 12%. Microprocessors, Hard Disc Drives, Floppy Disc Drives, CD ROM Drives, DVD Drives, USB Flash Memory and Combo-Drives have been exempted from excise duty. Parts, components and accessories of mobile handsets including cellular phones are exempted from excise duty. Excise duty on MP3 players and MPEG4 players has been reduced to 8%.

4. Supplies of Information Technology Agreement (ITA-1) items and notified zero duty telecom/electronic items in the Domestic Tariff Area (DTA) by Electronics Hardware Technology Park (EHTP)/Export-Oriented Unit (EOU)/Special Economic Zone (SEZ) units are counted for the purpose of fulfilment of positive Net Foreign Exchange Earnings (NFE).

5. Special Economic Zones (SEZs) are being set up to enable hassle free manufacturing and trading for export purposes. Sales from Domestic Tariff Area (DTA) to SEZs are being treated as physical export. This entitles domestic suppliers to Drawback/DEPB benefits, CST exemption and Service Tax exemption. 100% Income Tax exemption on export profits is available to SEZ units for 5 years, 50% for next 5 years and 50% of ploughed back profits for 5 years thereafter.

6. Export Promotion Capital Goods scheme (EPCG) allows import of capital goods on payment of 5% customs duty. The Export Obligation under the scheme is linked to the duty saved and is 8 times the duty saved on capital goods imported, to be fulfilled over a period of 8 years. The export obligation under EPCG Scheme can also be fulfilled by the supply of Information Technology Agreement (ITA-1) items to the DTA provided the realization is in free foreign exchange.

7. EOU/STP/EHTP units are eligible for Income Tax exemption on export profits, upto 2009-10, in terms of Sections 10A and 10B of the Income Tax Act.

8. 100% depreciation is available to computers and computer peripherals over a period of 5 years for units under EOU/Software Technology Park (STP) EHTP/SEZ schemes.

9. Second hand capital goods are freely importable.

10. To induce more investment for Research and Development activities, a weighted deduction of 150% on the sums paid to any university, college or an institution or a scientific research association for the purposes of scientific, social or statistical research is available.

11. Income by way of dividends or long-terms capital gains of a Venture Capital Fund (VCF) or Venture Capital Company from investment made by way of equity shares in a Venture Capital Undertaking, which has been expanded to include the Software and IT sectors, will henceforth not be included in computing the total income. To give thrust to Venture Capital finance, SEBI has been made the single point nodal agency for registration and regulation of both domestic and overseas venture capital funds.

12. Information Technology Act 2000 dealing with Cyber Security, Cyber Crime and other information security-related legal aspects is in place to encourage expansion of e-commerce through Internet.